

Achievements

Preparation of approximately 1,252 contracts and 1,133 amendments
Payment of approximately \$10 million for contract legal services and \$1 million for contract investigative/adjusting services

Auditing and Statistics

Fiscal Year 1995-96 saw the tenth year of experience rating for the majority of the self-insured lines of coverage. The key benefit of experience rating is the placing of premiums with the organization which controls the losses. By charging premiums proportionate to losses, fiscal responsibility is emphasized with an ultimately reduced State program cost to be shared by all agencies with good loss experience.

Claims

For the Fiscal Year 1995-96, the question of the retroactivity of the \$500,000 cap and the 6% interest vs. legal interest remains unanswered and continues to remain under review by the Supreme Court.

The Office of Risk Management Claims Unit Branch Office in New Orleans has expanded to a total of six adjusters to handle the large volume of claims in the immediate and surrounding areas. This will significantly reduce the cost of contracting for outside adjusting services

Our workers' compensation section realized a savings of \$2,729,160 through the medical bill and litigation review program.

Legal

The representation of the State self-insurance fund is provided by the Department of Justice, Litigation Division or by private attorneys appointed by the Attorney General, with the concurrence of the State Risk Director.

As of June 30, 1996, outstanding non-discounted reserve valuations of the 5,594 claims in litigation against state agencies being handled by the Office of Risk Management are valued at \$538,140,617.

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Loss Prevention

The Loss Prevention Program encompassing General Safety, Boiler & Machinery, Driver Safety, Water Vessel, and Bonds & Crime is now in place and functioning in most of the State Departments, Agencies, Boards and Commissions which employ 15 or more employees. The audit system was changed from receiving requests from Departments, Agencies, Boards and Commissions to a departmental audit to be determined by this unit. The departmental audit includes all subordinate locations within the department. These audits consist of General Safety, Boiler & Machinery, Driver Safety, Water Vessel, Bonds & Crime, and Aviation as they apply. The Loss Prevention Unit audited Department of Health & Hospitals, Louisiana Health Care Authority, LSU Agricultural Center and Extension Services, Department of Military Affairs, Department of Corrections and Department of Labor and found the following number of agencies in compliance with existing State, Local, Federal Laws, rules published in the State Register, and the basic guidelines set forth by State Loss Prevention Program as follows:

In compliance:	Total # of Audits: 275	Total # of Locations: 147
Not in compliance:	Total # of Audits: 17	Total # of Locations: 5

According to our claim and premium experience comparison using Fiscal Year 1994-95 against Fiscal Year 1995-96, our reports indicate the State's total dollar loss was reduced by \$50,803,623 as compared to the previous year. However, these numbers can change as incurred but not reported claims (IBNR) are received.

We have trained 611 driver instructors statewide who in turn trained over 6,000 employees. A new defensive driving program has been developed to train a greater number of state employees in a more cost effective manner.

The State Land and Building System (SLABS) is an ongoing reappraisal program which will update all buildings over a five year period. There are approximately 9,916 buildings with replacement values of \$5,175,702,595.

The Loss Prevention Training Program for Loss Prevention Officers, Department Safety Coordinators, and Agency Safety Personnel, sponsored by the Office of Risk Management

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continues to be very successful. We have had 609 employees representing 20 departments and 565 agencies, boards and commissions who have taken the courses offered.

We maintain Loss Prevention training aids for use by all departments, agencies, boards and commissions to assist them in their Loss Prevention programs. We mailed or delivered approximately 400 training aids this past year.

Underwriting

In Fiscal Year 1995-96 the Underwriting Unit was successful in increasing the excess blanket property program limit from \$400,000,000 to \$500,000,000.

In addition, the Underwriting Unit continued to critique and streamline the existing State Agency Movable Property System (STAMPS). Guidelines for programming changes (which upon implementation will result in movable property exposure values being automatically calculated by the system based on building area and occupancy type) were established. Once implemented this will eliminate the need for individual state agencies to manually report general content exposure values to the Office of Risk Management.

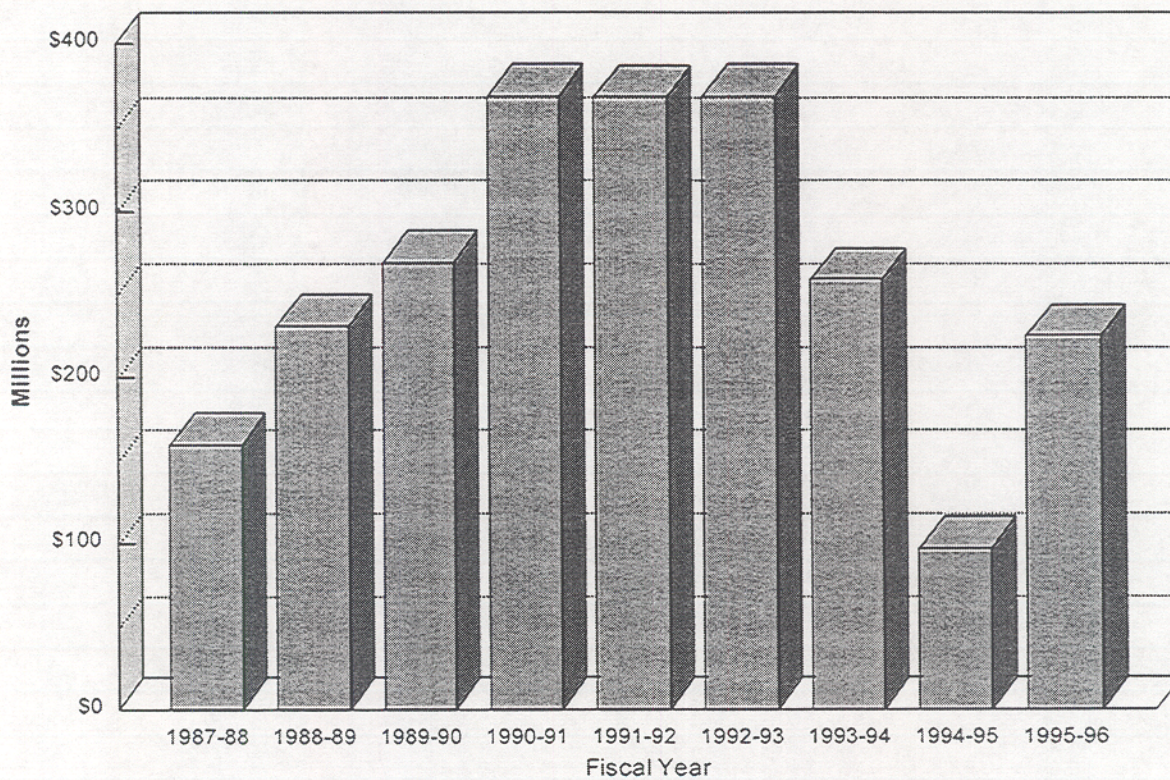
The commercially written workers' compensation coverage for employees of the Louisiana Superdome is with National Union Fire Insurance Company of Louisiana. The experience modification factor, which is promulgated by the National Council on Compensation Insurance (NCCI) and the commercial insurance company, is based on the insured's individual loss experience. For Fiscal Year 1995-96, the promulgated experience modification factor was .75. This means that the Superdome was charged less than normal rates due to favorable loss experience. This favorable modification factor saved the State \$87,225 for Fiscal Year 1995-96 based on annual payroll exposures at the time of the annual audit. A premium discount factor further lowered the annual premium by another \$30,616 savings for the State. These decreases are a direct result of loss prevention safety programs and employees being made aware of potential hazards in the workplace.

When the Office of Risk Management bid this coverage for Fiscal Year 1992-93, National Union Fire Insurance Company had not filed new workers' compensation premium rates with the State Department of Insurance. They had ceased writing workers' compensation in the State four years prior to re-entering the market in Louisiana after the assigned risk

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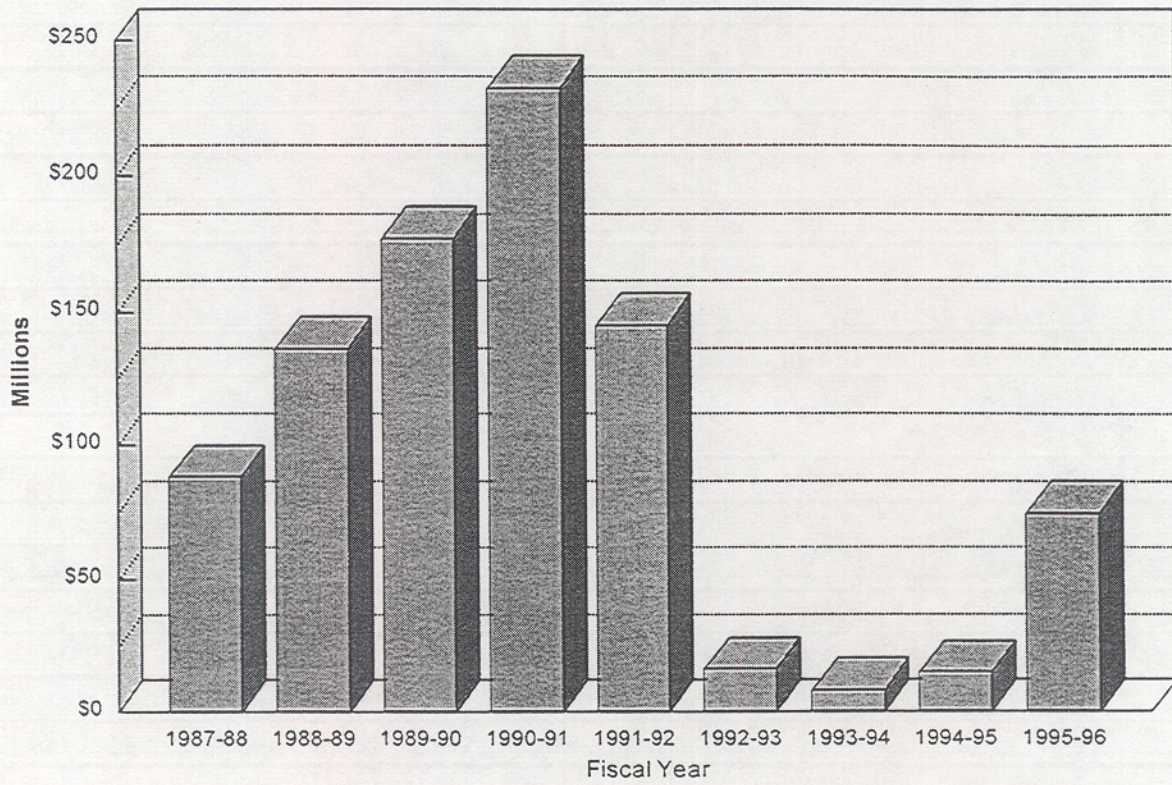
pool was disassembled due to the creation of the Louisiana Workers' Compensation Corporation, the new insurer for workers' compensation coverage in Louisiana. Thus, these rates reflect rates for less than manual rates used by other companies. This rate reduction is the result of the Office of Risk Management bidding this coverage for one year with the option to renew at the same rates for two additional years. With the modification factor less than 1.0 and the favorable loss experience, the company agreed to renew at the same rates per \$100 of payroll used for Fiscal Year 1992-93. This is the last renewal of these rates in Fiscal Year 1995-96. The total savings for Fiscal Year 1995-96 to the State is \$117,841.

Budget



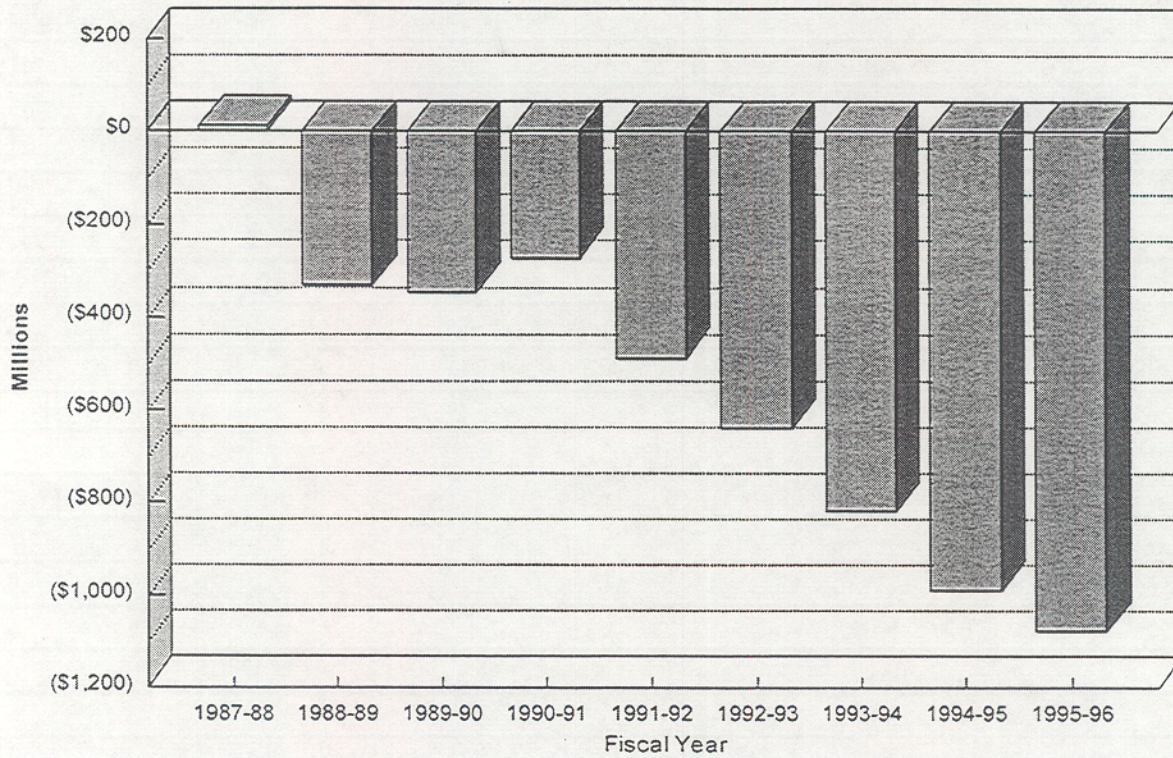
Fiscal Year	Total Budget
1987-88	\$160,000,000
1988-89	\$231,163,517
1989-90	\$269,404,983
1990-91	\$368,818,757
1991-92	\$368,317,741
1992-93	\$368,844,694
1993-94	\$258,879,001
1994-95	\$97,565,325
1995-96	\$224,846,405

Cash Balance



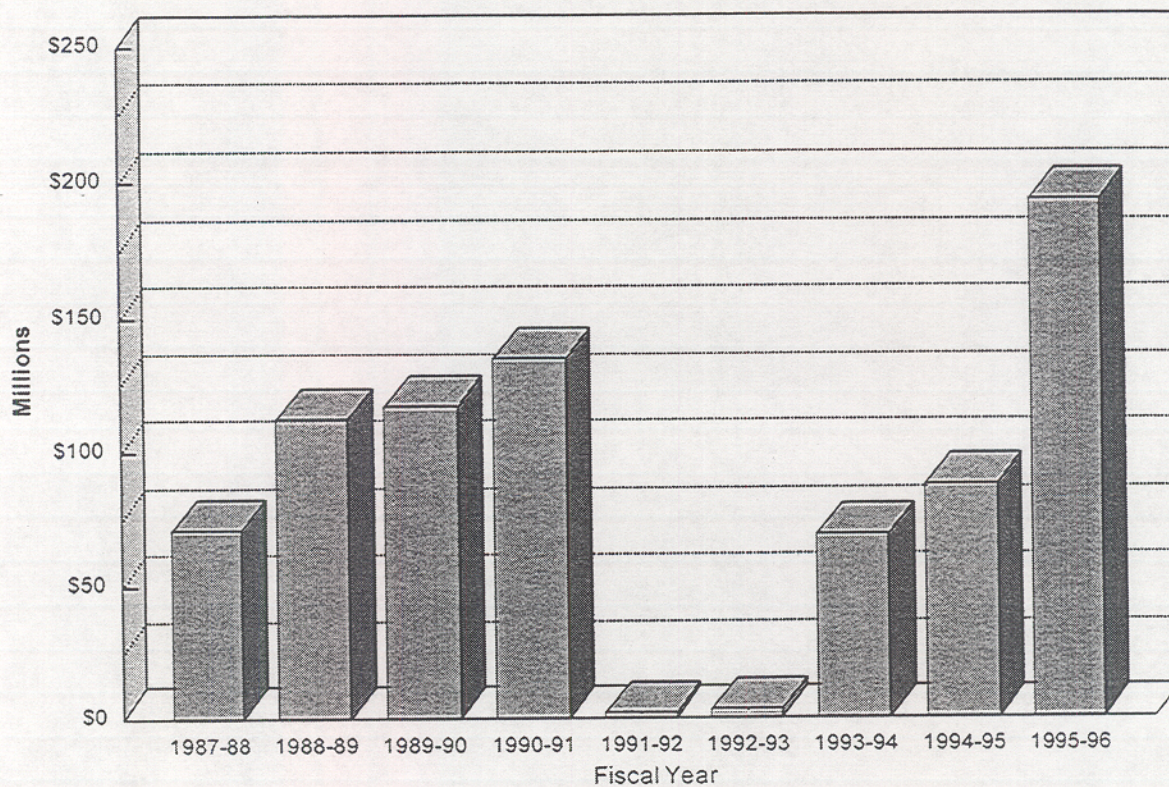
Fiscal Year	Cash Balance
1987-88	\$87,983,512
1988-89	\$136,197,880
1989-90	\$177,167,033
1990-91	\$232,570,471
1991-92	\$145,048,419
1992-93	\$16,054,526
1993-94	\$8,284,465
1994-95	\$15,004,482
1995-96	\$74,693,176

Fund Equity



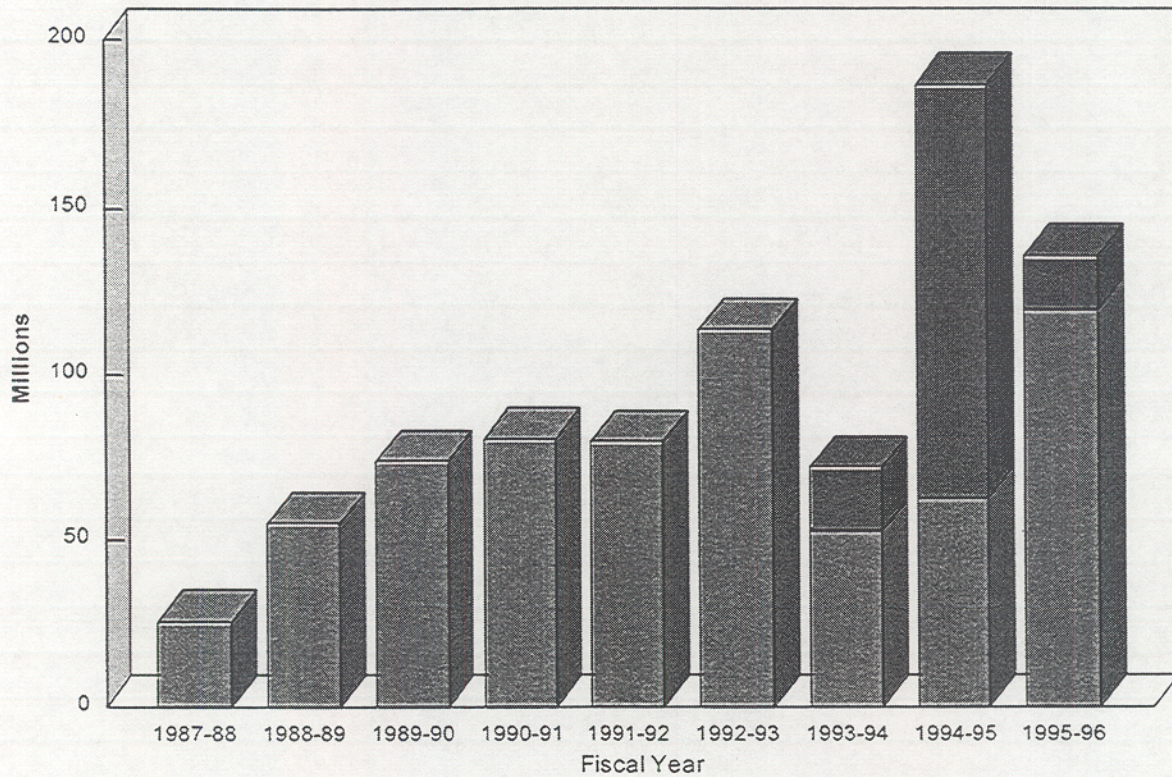
Fiscal Year	Fund Equity
1987-88	\$13,014,112
1988-89	(\$331,090,858)
1989-90	(\$346,662,508)
1990-91	(\$271,958,071)
1991-92	(\$486,507,461)
1992-93	(\$637,901,253)
1993-94	(\$818,644,299)
1994-95	(\$989,537,511)
1995-96	(\$1,078,065,151)

Premiums Collected



Fiscal Year	Premiums
1987-88	\$70,933,701
1988-89	\$111,864,517
1989-90	\$116,745,861
1990-91	\$134,591,411
1991-92	\$1,775,132
1992-93	\$3,145,241
1993-94	\$68,845,869
1994-95	\$87,348,273
1995-96	\$193,360,233

Loss Payments and Claims Expenses



Fiscal Year	Total Claims Cost ¹
1987-88	\$25,862,698
1988-89	\$55,112,442
1989-90	\$73,508,509
1990-91	\$80,410,280
1991-92	\$79,744,126
1992-93	\$113,665,754
1993-94	\$52,978,062 ²
1994-95	\$62,918,105 ²
1995-96	\$119,946,754 ²

¹ Includes Loss Payments and loss adjustment expense (internal and external legal costs, adjusting and miscellaneous expense).

² Totals do not include amounts paid by Legislative Appropriation of \$18,858,740, \$123,644,132 and \$15,831,332 in FY 94, 95, and 96.